

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 H-01 INR-07 L-03
NSAE-00 PA-01 PRS-01 SP-02 SS-15 NSCE-00 SSO-00
USIE-00 INRE-00 ACDA-12 IO-13 TRSE-00 OMB-01 EB-08
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INFO AMEMBASSY BONN
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AMEMBASSY MADRID
AMEMBASSY MOSCOW
AMCONSUL OPORTO
AMEMBASSY PARIS
AMCONSUL PONTA DELGADA
DIA WASHDC
USMISSION USNATO
USCINCEUR VAIHINGEN GER
USNMR SHAPE BRUSSELS BEL
COMUSFORAZ

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E.O. 11652: N/A
TAGS: PGOV PINT PO
SUBJECT: PS AND CDS POLITICAL AGREEMENT

REF: LISBON 0515

SUMMARY: THE PS/CDS AGREEMENT SIGNED JAN 19 BY MARIO SOARES
AND FREITAS DO AMARAL CALLS FOR A PS-PLUS-PERSONALITIES
GOVERNMENT WITH CDS PARLIAMENTARY SUPPORT ON FUNDAMENTAL
ISSUES. THE AGREEMENT, WHICH RUNS THROUGH 1980, PROVIDES
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FOR REGULAR CONSULTATIONS BETWEEN THE PARTIES; AND ENDORSES
PORTUGAL'S EUROPEAN OPTION AND COMMITMENT TO NATO. THE
ACCORD ALSO RECOGNIZES THE FUNDAMENTAL ROLE OF PRIVATE
INITIATIVE AND PERMITS COMPETITION BETWEEN THE PUBLIC
AND PRIVATE SECTORS. THE PS AND CDS UNDERTOOK THEIR
AGREEMENT AT CONSIDERABLE RISK TO THEIR OWN BASES OF SUPPORT.
AS A RESULT THE SOCIALISTS AND CENTER DEMOCRATS HAVE A

GREAT STAKE IN MAKING THE AGREEMENT WORK. THE GOVERNMENT'S TASK WILL BE COMPLICATED, HOWEVER, BY THE DIVERGENT PHILOSOPHIES OF THE GOVERNING PARTNERS AND BY OPPOSITION FROM THE PSD AND PCP. NONETHELESS, THE GOVERNMENT WILL BE ASSURED THE STABLE ASSEMBLY MAJORITY (143 OF 263 SEATS) NECESSARY TO UNDERTAKE A COMPREHENSIVE ACTION PROGRAM. END SUMMARY.

1. PS/CDS AGREEMENT: THE POLITICAL AGREEMENT BETWEEN THE SOCIALISTS AND CENTER DEMOCRATS SIGNED JAN 19 INCLUDES A PREAMBLE, A DESCRIPTION OF THE NATURE AND DURATION OF THE AGREEMENT, A DEFINITION OF THE FORMULA AND STRUCTURE OF GOVERNMENT, AGREEMENTS ON THE GOVERNMENT PROGRAM AND COOPERATION BETWEEN THE PARTIES. A SUMMARY OF THE POLITICAL AGREEMENT FOLLOWS: (TEXT IS BEING FORWARDED LISBON A-19 OF JANUARY 20, 1978.)

I. PREAMBLE

THE AGREEMENT IS BASED ON:

- RESPECT FOR THE CONSTITUTION;
- PORTUGAL'S EUROPEAN OPTION;
- DEVELOPMENT OF A DIVERSIFIED FOREIGN POLICY FAITHFUL TO PORTUGAL'S TRADITIONAL ALLIANCES AND THE INTENSIFICATION OF RELATIONS WITH PORTUGUESE SPEAKING PEOPLES;
- DEVELOPMENT OF A NATIONAL DEFENSE POLICY WHICH RESPECTS NATO OBLIGATIONS;
- ACTIVE INTERVENTION OF ECONOMIC INTEREST GROUPS IN POLICY DECISIONS;
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- THE RATIONALIZATION AND STIMULATION OF THE PUBLIC SECTOR, REFORM OF PUBLIC ADMINISTRATION, AND SUPPORT FOR LOCAL GOVERNMENTS;
- PRIVATE INITIATIVE, AND OF THE IMPORTANT AUXILIARY FUNCTION OF FOREIGN INVESTMENT AS LONG AS IT CONFORMS TO ECONOMIC POLICY OBJECTIVES;
- ACCEPTANCE OF COMPETITIVE CO-EXISTENCE BETWEEN THE PUBLIC, PRIVATE, AND COOPERATIVE SECTORS.

II. NATURE AND LENGTH OF THE AGREEMENT:

- A. THE AGREEMENT MAKES POSSIBLE THE FORMATION OF A NEW GOVERNMENT WITH STABLE MAJORITY SUPPORT IN THE PARLIAMENT.
- B. THE AGREEMENT IS INCOMPATIBLE WITH THE SIGNATURE OF CONTRADICTORY AGREEMENTS BY EITHER PARTY.
- C. THE AGREEMENT IS VALID UNTIL THE END OF THE CURRENT LEGISLATURE (1980).
- D. THE AGREEMENT MAY BE TERMINATED IF IT IS VIOLATED BY EITHER PARTY.

III. FORMULA AND STRUCTURE OF THE GOVERNMENT:

- A. THE GOVERNMENT WILL BE BASED ON A PS-PLUS PERSONALITIES FORMULA WITH MAJORITY PARLIAMENTARY SUPPORT.
- THE CDS COMMITS ITSELF NOT TO ENDANGER GOVERNMENTAL STABILITY

IN THE ASSEMBLY ON FUNDAMENTAL ISSUES SUCH AS THOSE RECOGNIZED
IN THE PRIOR AGREEMENT AMONG SIGNATORIES.

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C. THE GOVERNMENT WILL KEEP THE CDS INFORMED ON
GOVERNMENT ACTIVITIES THROUGH REGULAR MEETINGS
BETWEEN THE PRIME MINISTER AND THE CDS PRESIDENT.
D. THE PS AND CDS SHALL REACH CONSENSUS AGREEMENT ON
THE STRUCTURE OF THE NEW GOVERNMENT AND SHALL SEEK TO
RATIONALIZE THE MINISTRIES AND REINFORCE GOVERNMENTAL
EFFICIENCY.
E. THE PRIME MINISTER HAS EXCLUSIVE RESPONSIBILITY
TO CHOOSE MINISTERS WHO ARE COLLECTIVELY COMMITTED
TO GOVERNMENTAL POLICY. THE PRIME MINISTER COORDINATES
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AND DIRECTS THE ACTION OF ALL THE MINISTRIES.

IV. GOVERNMENT PROGRAM:

A. PARTY AGREEMENTS: THE GOVERNMENT PROGRAM WILL RESPECT THE POLITICAL AGREEMENT AND ECONOMIC ANNEXES.

B. GENERAL: THE GOVERNMENT PROGRAM WILL OUTLINE GOVERNMENT POLICIES UNTIL 1980.

C. ECONOMIC POLICY: ECONOMIC POLICY IS BASED ON A STABILIZATION PROGRAM FOR 1978 TAKING INTO ACCOUNT THE AGREEMENT TO BE REACHED WITH THE IMF, AND A MEDIUM-TERM DEVELOPMENT PLAN (SEPTOL). REGULATIONS GOVERNING LAWS ON THE ECONOMIC SYSTEM SHALL BE PUBLISHED URGENTLY. THE INDEMNIZATION LAW REGULATIONS SHALL BE PUBLISHED IMMEDIATELY AND PAYMENTS AMOUNTS SET BY JUNE.

D. AGRICULTURAL POLICY: CREDIT MECHANISMS WILL BE ADOPTED TO STIMULATE AGRICULTURE AND REDUCE FOOD IMPORTS. THE AGRARIAN REFORM LAW APPROVED BY THE ASSEMBLY IN 1977 SHALL BE CARRIED OUT.

E. AZORES AND MADEIRA: POLITICAL ADMINISTRATIVE AUTONOMY SHALL BE PROGRESSIVELY GRANTED TO THE AZORES AND MADEIRA. THE CENTRAL GOVERNMENT SHALL TRANSFER SERVICES TO THE REGIONAL GOVERNMENTS. THE AUTONOMOUS REGIONS SHALL EFFECTIVELY PARTICIPATE IN TREATY AGREEMENTS WHICH AFFECT THEM AS WELL AS IN THE BENEFITS WHICH RESULT.

F. THE MEDIA: THE GOVERNMENT PROGRAM SHALL DEFINE THE MEANS TO NORMALIZE THE ADMINISTRATIVE AND FINANCIAL SITUATION OF STATE-OWNED MEDIA. THE PROGRAM SHALL ALSO ESTABLISH THE MEANS TO ASSURE POLITICAL NEUTRALITY AND PLURALISM IN RADIO AND TELEVISION.

V. INTER-PARTY COOPERATION:

A. IN THE PARLIAMENT: THE PS AND CDS SHALL HOLD MUTUAL CONSULTATIONS ON INTERNATIONAL TREATIES; AND LAWS ON THE MEDIA; LOCAL AND REGIONAL GOVERNMENTS; UNIONS AND ECONOMIC INTEREST GROUPS; LABOR LAW; LIMITED OFFICIAL USE

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AND EDUCATION. THE PARTIES WILL COOPERATE ON THE ORGANIZATION AND OPERATION OF THE LEGISLATIVE ASSEMBLY SPECIFICALLY REGARDING ASSEMBLY OFFICES.

B. OUT OF PARLIAMENT:

-- NATIONAL COOPERATION: THE PARTIES SHALL COOPERATE AT A NATIONAL LEVEL ON ADMINISTRATIVE REFORM, THE NATIONAL PLANNING COUNCIL, AND THE MEDIA COUNCILS.

-- INTERNATIONAL COOPERATION: THE PARTIES WILL COOPERATE ON EUROPEAN INTEGRATION AND PORTUGUESE IMMIGRANT COMMUNITIES.

-- REGULAR MEETINGS: THE PARTIES WILL HOLD REGULAR MEETINGS AT SEVERAL LEVELS.

2. COMMENT: THE PS AND CDS MADE THIS AGREEMENT AT
CONSIDERABLE RISK TO THEIR OWN BASES OF SUPPORT. AS A
RESULT THE SOCIALISTS AND CENTER DEMOCRATS HAVE A GREAT
STAKE IN MAKING THE AGREEMENT WORK AND LAST UNTIL 1980.
THE GOVERNMENT'S TASK WILL BE COMPLICATED, HOWEVER, BY THE
DIVERGENT PARTY PHILOSOPHIES OF THE GOVERNING PARTNERS
AND BY OPPOSITION FROM THE PSD AND PCP. NONETHELESS, THE
GOVERNMENT WILL BE ASSURED THE STABLE ASSEMBLY MAJORITY
(143 OF 263 SEATS) NECESSARY TO UNDERTAKE A COMPREHENSIVE
ACTION PROGRAM.
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